

The Rappaport Treaty - shall
subrogated?

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Went's Merchant's Magazine.

The reciprocity treaty, ... (see next page)

1864.]

Journal of Banking, Currency, and Finance.

375

The council of State has not yet completed its examination of the statutes of the Societe Generale pour Favoriser le Commerce et l'Industrie—the new Credit Mobilier. The financial world is very impatient at the delay of the Council. The Company has received the sanction of the Government.

Negotiations were nearly completed for a Mexican loan in 6 per cent stock for the nominal amount of 28,000,000 sterling with the great houses of Rothschilds, Hottinguers, Fould Oppenheim, &c., Solomon Heine, Baring Brothers, and others. It is under the auspices of M. Fould, and will be officially quoted at the Paris Bourse. The contract price, it is said, will be 72. The old English 3 per cent debt of 10,000,000 sterling is not to be converted or disturbed; but the over-due dividends, amounting to 3,000,000 sterling, will either be paid or capitalised into 6 per cent new bonds. The Emperor elect of Mexico is very anxious that the English bondholders should surrender the mortgage they now hold on the Mexican Customs receipts, but they cannot be reasonably expected to relinquish so perfect a security unless their claims are honorably discharged.

Out of the loan, the claim of the French Government for war expenses will have to be paid:—it will probably amount to about £13,000,000.

A later date gives the following prospects of the loan which was all taken up promptly at a premium:

Empire of Mexico.—Anglo-French six per cent loan.—£7,790,000 representing a nominal amount of £12,365,000 at sixty-three per cent. In bonds to bearer, of £1,000, £500, £200, £100 and £50 each, with others of smaller amounts for the continental markets. With half-yearly coupons attached, payable 1st of April, and 1st of October in London or Paris.

Decrees of the Emperor Maximilian, dated 10th and 11th of April, 1864, and conventions entered into with Messrs. GLYN, MILLS & Company, authorise the issue of bonds of the Mexican Empire to the extent of £12,365,000 sterling, bearing interest at six per cent per annum, payable half-yearly in London or Paris. Of this amount £8,000,000 bonds will be negotiated on account of the Mexican Government, and the remaining £4,365,000 on account of the French Government, by whom these bonds have been accepted in payment of expenses incurred in Mexico.

A coupon of three per cent, due the 1st of October, 1864, will be attached to the scrip, and will be received in part payment of the instalment of ten per cent due on the 15th of October, and subscribers will have the option of paying the instalments under discount, at the rate of six per cent per annum, on any of the days fixed for payment of the instalments.

The bonds will be expressed in francs, as well as in sterling, so as to admit of their negotiation in Paris and other continental markets.

Each bond will have attached to it half-yearly interest coupons, payable on the 1st of April and 1st of October of each year, in London, in sterling, at the bank of Messrs GLYN, MILL & Co., and in Paris, at the fixed exchange of 25f 20c per pound sterling at the bankers of the Mexican Government.

Out of the proceeds of the loan a sum equal to the four half-yearly payments of interest thereon falling due on the first of October, 1864, first of April, and first of October, 1865, and first of April, 1866, will be retained in the Caisse des Depots et Consignations of the French Government at Paris. The Mixed Financial Commission hereinafter described will be specially charged with the duty of providing, out of the funds so retained, for the payment in London and Paris of the said four half-yearly dividends.

Also, out of the proceeds of the loan, and under precisely similar arrangements, funds will be retained for the next four half-yearly payment of interest on the three per cent Mexican bonds held under the decree of October, 1850, and on the new three per cent bonds representing the capitalised arrears of interest thereon, as agreed to by the holders of the existing bonds at their recent meeting in London.

For the liquidation of the loan now to be contracted, a sinking fund, equal to one per cent per annum on the nominal capital of the loan, will be provided from the first

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of April, 1869, and applied to the purchase in London and Paris of bonds of the various classes issued to represent the loan.

A Mexican Financial Commission will be at once established in Paris, and will be empowered to do all official acts necessary for the completion and issue of the scrip and bonds arising out of the loan, and also for the capitalisation of the arrears of interest on the old bonds, and for other financial purposes.

At the first meeting of the Canadian Loan and Investment Company, March 12, it was resolved to make a distribution by way of interest at the rate of 5 per cent per annum, free of income tax. The report stated that the whole of the paid-up capital has been profitably employed in Canada, and that the directors propose to extend their business by raising additional funds on debentures.

The directors of the British and Californian Banking Company (limited) had concluded an arrangement with the well-known firm of Faulkner, Bell & Co., of San Francisco, for the acquisition of their banking and exchange business. Mr James Bell, of that firm, will be a local director at San Francisco, and Mr Henry D. Harrison, of the same house, will join the London Board.



THE RECIPROCITY TREATY—SHALL IT BE ABROGATED?

WHETHER our present commercial relations with Canada shall be continued is a question at present attracting much attention. We see the House Committee on Commerce have agreed upon and ordered to be reported, when that committee shall be called, a joint resolution authorizing and requiring the President to give notice to the government of Great Britain that it is the intention of the government of the United States to terminate the reciprocity treaty at the end of twelve months from the expiration of ten years from the time the treaty went into operation—viz: September, 1854—to the end, as it is stated, that the treaty may be abrogated as soon as it can be done under the provisions thereof; unless a new convention shall, before that time, be concluded between the two governments, by which the provisions shall be abrogated or so modified as to be mutually satisfactory to both governments. The President is also to be authorized to appoint three Commissioners, by and with the advice and consent of the Senate, for the revision of the treaty, and to confer with other commissioners, duly authorized therefor, whenever it shall appear to be the wish of the government of Great Britain to negotiate a new treaty between the two governments and the people of both countries, based upon true principles of reciprocity, and for the removal of existing difficulties.

This may all be very well—if we can obtain greater privileges than we now enjoy for those we grant, it is certainly well enough to obtain them. But is it not best for us to be a little careful lest we may lose rather than gain by a change. Certainly, prejudice against England or Canada should not blind us to our real interests. Whether England has treated us fairly during this war; whether Canada has sympathized with the South rather than with the North, are not matters at issue. We speak thus, knowing that the part England has taken in allowing privateers to be fitted out has justly excited prejudice against her, and having frequently seen this prejudice appealed to in the discussion of this question; clearly, however, this is a matter that should be decided on its own

merits. Is the country being benefitted by the treaty or is it not? If it is, then undoubtedly it should stand; but if not, it should be abrogated.

Nor is it worth while to prove that we do not under the treaty receive as many privileges and exemptions as we would like. It would, certainly, be agreeable if the Canadian tariff were made more favorable to us; if the fishing privileges were extended; if the use of the Canadian canals were freer. And it is clearly proper that authority should be given the government to seek to obtain an extension of our own rights in these respects, and to remove present restrictions. But whether the treaty should be abrogated, if we are unable to obtain all we desire, is an entirely different question. In this connection the following tables made up from the commerce and navigation reports for the several years, will be of interest—certainly those who have claimed that the treaty was an unmitigated evil will not find in these figures much to sustain them in their position.

STATEMENT EXHIBITING THE EXPORTS TO AND IMPORTS FROM CANADA AND OTHER
BRITISH POSSESSIONS IN NORTH AMERICA, FROM JULY 1, 1851, TO
JUNE 30, 1861:

Year ending 30th June.	EXPORTS.			IMPORTS.
	Foreign.	Domestic.	Total.	
1852.....	3,853,919	6,655,097	10,509,016	6,110,299
1853.....	5,736,555	7,404,087	13,140,642	7,550,718
1854.....	9,862,716	15,204,144	24,566,860	8,929,560
1855.....	11,999,378	15,306,642	27,806,020	15,136,734
1856.....	6,314,652	22,714,697	29,029,340	21,310,421
1857.....	4,326,369	19,936,113	24,262,482	22,124,296
1858.....	4,012,768	19,638,959	23,651,727	15,806,519
1859.....	6,622,473	17,029,254	28,154,174	19,727,551
1860.....	4,038,899	18,667,429	22,706,328	23,351,381
1861.....	3,861,098	18,883,715	22,079,115	23,062,933
1862.....	2,427,103	18,652,012	21,079,115	19,299,995
Totals*.....	31,603,362	135,522,179	171,623,779	145,183,096

Increase each year over 1852.

	Exports.	Imports.
1853.....	2,631,626	1,440,419
1854.....	14,057,844	2,817,261
1855.....	17,297,004	9,026,435
1856.....	18,520,334	15,200,122
1857.....	13,753,466	16,013,997
1858.....	13,142,711	9,696,220
1859.....	17,645,158	13,617,252
1860.....	12,197,312	17,741,082
1861.....	12,236,597	16,952,634
1862.....	10,509,016	13,189,696

Showing our total exports from the United States to the British North

American Provinces since 1855 to have been 171,623,779

Imports to the United States from the same Provinces..... 145,183,096

Balance in favor of the United States..... \$26,444,683

* Since 1855, the time when the treaty went fully into effect.

We do not mean to say that this balance arises from goods free under the Treaty. These figures simply show the extent of the trade between the two countries, and the importance to us of continuing friendly relations, and fostering that trade. Of course, with such a balance, we should be gratified to have each article in the free list an "American Zollverein." But if Canada does not see fit to grant us everything we desire, is it, as we before asked, the part of wisdom to give up all reciprocity, and take the results of an opposite policy. Such a proceeding would, it seems to us, not be unlike that of the spoiled child, who, if it can't have its bread sugared all over, won't eat any bread.

In this connection it is also well to consider the importance, to us, of the free navigation of the St. Lawrence. Many are not aware that the use by the West of this avenue of communication with the markets of the world, is growing every year, or, at least, was doing so until the war broke out, which checked all similar enterprises; and if the Canadian canals are enlarged, so as to pass vessels of 1,000, or even 800 tons, its value to that portion of our country will be greatly increased. Every outlet those great States can have for their overflowing wealth, they should have.

The *Detroit Advertiser and Tribune*, one of the most enterprising papers in the West, gives the following carefully prepared statement, showing the vessels that have been engaged in this trade:

The schooner *Lily* was the first vessel that ever passed down from the lakes to the ocean, bound for an European port. Her destination was Liverpool. This was about the year 1846. She afterwards sailed in the Quebec and Liverpool trade, but was lost, we believe, on her third ocean voyage. Prior to 1858, the passage of vessels through the Welland Canal to the Atlantic was of rare occurrence, but owing to the tempting inducements held out for the shipment of the rich products of our forests and harvest-fields, public attention became gradually directed to the trade, and it was at last fairly inaugurated by the departure of the schooner *Dean Richmond* from Chicago, in 1856, with a cargo of wheat, and the barque *C. J. Kershaw* from Detroit, 1857, with a cargo of staves and lumber. During the years 1858-59, and '60, lake freight ruled low, which was the means of giving a great impetus to the ocean lake trade, and a large number of vessels embarked therein. In 1861, home freight began to improve, and nearly all the lake vessels employed in the ocean trade returned home. In the following list, we make no distinction between those which sailed for European ports, and those engaged in the Atlantic coasting trade. We may have made some slight errors regarding the date of one or two which cleared prior to 1856, but, otherwise, we think the statement is correct, as well as complete:

SAIL VESSELS.

	1846.		1854.
Schooner <i>Lily</i> .*		Schooner <i>Cherokee</i> .*	
	1847.		1855.
Barque <i>Arabia</i> .*		Barque <i>Reindeer</i> .*	
Schooner <i>Elizabeth</i> .*			1856.
	1848.	Schooner <i>Dean Richmond</i> .	
Barque <i>Eureka</i> .			1857.
	1850.	Barque <i>C. J. Kershaw</i> .	
Schooner <i>Scotia</i> .*		Schooner <i>Madeira Pet</i> , (English.)	
			1858.
Barque <i>C. J. Kershaw</i> .		Schooner <i>R. H. Harman</i> .	
" <i>D. C. Pierce</i> .		" <i>J. F. Warner</i> .	
" <i>H. E. Howe</i> .		" <i>D. B. Sexton</i> .	

Brig Black Hawk.
Schooner Col. Cook.
" C. Reeve.
Barque E. S. Adams.*

Schooner Correspondent.
" Harvest.
" Pamela Flood.

1859.

Barque W. S. Pierson.
Brig J. G. Deshler.
" Black Hawk.
Schooner J. F. Warner.
" Dousman.
" Grand Turk.
" Chieftain.*
" C. H. Walker.
" Evelyn Bates.
" Republican.
Barque Magenta.
Brig Indus.
Schooner Union.*
" Muskingum.
" Clifton.
" Energy.
" Alida.
" Typhoon.

Barque Allies.*
" Massillon.
Brig Caroline.
Schooner Gold Hunter.
" R. H. Harman.
" Valeria.
" Vanguard.
" St. Helena.
" M. S. Scott.
" Hugh Barclay.
" Messenger.
Brig Sultan.
" Kate L. Bruce.
Schooner Kyle Spangler.
" Adda.
" Metropolis.
" W. B. Castle.
" Sarah Hibbert.

1860.

Barque C. J. Kershaw.
" T. F. Park.*
" Pride of Canada.*
" Norman.*
Brig Globe.
" Caroline.
Schooner W. H. Merritt.*
" G. W. Holt.
" St. Albans.
" West Wind.
" Fashion.
" Sophia Smith.
" Charmer.
" Chief.
" Adriatic.
" George Laidlaw.*
" Milwaukee Belle.
" Valeria.
" Linnie Powell.*
" Neptune.*

Barque E. S. Adams.*
" Illinois.
" Niagara.*
" Alexander.*
Brig J. G. Deshler.
" J. H. Harmon.
Schooner Chieftain.*
" H. N. Farnham.
" Twin Brothers.
" Twin Sisters.
" White Cloud.
" Plymouth.*
" Forest City.
" Gem.
" Lewis Spannier.
" J. F. Warner.
" Reindeer.*
" Indian Queen.*
" Orkney Lass.*
" R. H. Harman.

1861.

Barque Ravenna.
" Niagara.*
Schooner Col. Cook.
" Caroline Simpson.

Barque Alexander.*
Brig J. G. Deshler.
Schooner Gold Hunter.

1862.

Barque T. F. Parke.*
Schooner Chieftain.*
Brig Sleipner (Norweign.)

Barque Prince of Wales.*
Schooner Bridget.*
" Sirius.

1863.

Barque Ravenna, (two trips.)

Barque D. Cornwell.

Brig Cressington.	Brig J. G. Deshler.
Schooner Clarebel.	Barque Sleipner, (Norweign.)
“ Vanguard.	Schooner Howell Hoppock.
“ Skjoldoman, (Norweign.)	“ Owen Bearse.

STEAMERS.

America.	Canada.
Peerless.	Maple Leaf.
Niagara.	New York.
Northerner.	Salvor.
La Crosse.	Dallas, (U. S. Revenue Cutter.)
Gordon Grant.	George O. Vail.
Oswego.	Lady Franklin.
Cushman.	A. A. Turner.
Decatur.	Detroit.
Mary Grandy.	Sentinel.
Uncle Ben.	Maria Love.
President.	Perry.
G. W. Gunnison.	

* Canadian.

RECAPITULATION.

Total clearances sail vessels, prior to 1858,	-	-	-	-	-	-	-	-	10
Clearances of sail vessels in 1858,	-	-	-	-	-	-	-	-	13
“ in 1859,	-	-	-	-	-	-	-	-	37
“ in 1860,	-	-	-	-	-	-	-	-	39
“ in 1861,	-	-	-	-	-	-	-	-	7
“ in 1862,	-	-	-	-	-	-	-	-	6
“ in 1863,	-	-	-	-	-	-	-	-	11
Total clearances of steamers,	-	-	-	-	-	-	-	-	25
Grand Total,	-	-	-	-	-	-	-	-	148

PARTIAL HISTORY OF THE VESSELS.

Of the large number of our lake vessels which have engaged at one time or another in the European trade, the Kershaw and Chieftain are now almost the only ones remaining in it. They are, we believe, own on the Black Sea. The D. B. Sexton, after paying for herself two or three times, was finally lost about a year ago in the Straits of Gibraltar. The D. C. Pierce was sunk at Norfolk by the rebel pirates soon after the war commenced. The barque H. E. Howe was sold in London in 1859, and the brig Caroline in 1860, and we have now no trace of their whereabouts. The brig J. H. Harmon was lost between Cape Breton and Halifax, in the fall of 1860. The Messenger was condemned and broken up at Brooklyn. The Caroline Simpson, which left Genesee river in 1861, was employed for a while in the coasting trade, making Jacksonville a point, but we last heard from her at Gibraltar. The Adda was lost about three years ago. The W. B. Castle was also lost. The Indus, after being wrecked, was towed into Philadelphia and converted into a brig. The St. Helena was chartered a few years ago for the coast of Africa, at a high rate per month, and went out with a cargo of lumber, but was lost. The E. S. Adams was lost in 1863 on Lake Erie. The Kyle Spangler was also lost. The Black Hawk, after weathering the gales during two voyages to Europe, was lost in 1863, off Point aux Becs, Lake Michigan. The Sirius was lost the same year of her departure. The Harvest was sold at Rio a few years since. She was heard from at Buenos Ayres, a year ago, and is probably still running between Rio and Buenos Ayres. The Republican, after many profitable voyages in the coasting trade, was finally wrecked on the Florida coast. The D. C. Pierce is not the only lake craft connected with the events of the rebellion. The Canada, (chang-

ed to Coatzacoalcas,) one of the fine large steamers purchased by N. P. STEWART, of Detroit, and taken over the rapids of the St. Lawrence, is in service in our navy, and has an 80-pounder mounted amidships. Her consort, the *America*, was wrecked off the Texan coast. The wrecking tug *Salvor*, which will be remembered by thousands in our lake cities, was fitted up for a slaver, but matters did not work satisfactorily in this interesting branch of commerce, and, when the war broke out, she was in the cattle trade between Brazos and Cuba. The *Gunnison* is now a rebel gunboat, stationed in Mobile bay. The steamers *Peerless*, *Maple Leaf*, *Niagara*, *New York* and *Northerner*, were all bought by our government in 1862, and fitted up for transports. The three former were bought from Canadian owners. Among the steamers are several tugs, which are employed in towing at various points.

Messrs. CUNNINGHAM & SHAW, of Liverpool, have now fitted out a line of A1 vessels to run regularly between that city and Detroit and Cleveland. The *Ravenna* and *Deshler*, (the name of the latter changed to the *Cressington*,) form part of the line. As these gentlemen are thoroughly versed in the trade, the movement shows pretty conclusively that it can be carried on with profit.

We see that the Detroit Board of Trade had this subject of the abrogation of the Reciprocity Treaty before them not long since and several of the members discussed it very ably. The following remarks made on the occasion referred to by R. HAWLEY, Esq., of that city, contain many interesting suggestions and statements, and show a clear appreciation of the question at issue. This meeting at which the discussion took place was in February last. The general subject being before the Board, Mr. HAWLEY offered the following resolutions:

Whereas, The Board of Trade of the city of Detroit, has had the Reciprocity Treaty under consideration for several weeks past; therefore

Resolved, That they are of the opinion that the operation of said treaty is beneficial to the United States, as well as to Canada and the other British Provinces of North America, and that they see no reason to desire its abrogation.

Resolved, That they believe further, that if the respective governments interested would inaugurate a system of moderate duties on manufactured goods, it would impart additional force and efficacy to the treaty itself.

Resolved, That, inasmuch as we are united geographically, and by numerous lines of railway intercommunication, as well as by the higher ties of relationship, language and religion, we should ever cherish and manifest those fraternal feelings which we hope sooner or later will pervade the world.

In support of these resolutions Mr. HAWLEY spoke in substance as follows:

As a Board of Trade, we are convened to discuss a topic as important as any that ever came before us. Let us approach it, then, in a spirit of moderation and candor, not animadverting severely upon men or measures, unless fealty to truth and duty shall require it. Mr. HAWLEY then stated that at the threshold of our inquiry we were met by three views. The first is the proposition laid before Congress by Mr. WARD, Chairman of the Committee on Commerce, February 5, 1862, to the effect that there should be free trade in its broadest sense between Canada and the United States. There should be, he maintained, no custom houses, and commercial intercourse should be in every respect similar to that instituted by the Zollverein, between the German States. But, however pleasant that picture, it was, nevertheless, impracticable, there being insuperable obstacles in the way. Canada was under obligations to the mother country, and could not open her ports to us, and refuse the same privileges to the former. Others insist that the treaty should be abrogated as contemplated in the original resolutions. An intermediate or middle view of the question has attracted considerable attention. That view is taken in the resolutions, before us, and has

been taken by the Boston Board of Trade. WILLIAM B. SPOONER and COLONEL ASPINWALL, prominent members of that body, had urged that the treaty should not be abrogated, but modified. Their remarks had special reference to duties improperly levied on articles outside of the provisions of the reciprocity treaty. Mr. SPOONER singled out molasses as one of the articles in this category. The President of the Board urged that circumstances required a change, and it became an interesting and momentous question what the nature of that change should be. In it was involved that vitally important consideration, good will between nations.

The first provision of the treaty, continued Mr. HAWLEY, secured to the United States the important fisheries off the coast of the British North American Provinces. We all remember the trouble and strife regarding these fisheries before the formation of the treaty. The boundary was a water line, and naturally became a question of dispute. Revenue cutters were stationed in the vicinity of the grounds, and war was for a time imminent. This treaty was negotiated, and the first good fruits the measure brought us, was the settlement of this vexed question. It secured to us all the rights pertaining to the free use of the fisheries, excepting shell fish, and the taking of fish at the mouth of rivers. He regretted that he was not definitely posted as to the value to us of these important privileges. They had been estimated at \$12,000,000. He did not know that this was a reliable estimate, but they were certainly very valuable. The tonnage of Massachusetts shipping engaged in the cod and mackerel fisheries, in 1854, exceeded 100,000 tons.*

This question should be approached very carefully. Mr. SABINE, of the Boston Board of Trade, had prepared elaborate tables bearing upon the question, and, so far as concerned our government, it must be admitted that great care and deliberation had been used. The author of the pending motion to abrogate the treaty, Mr. MORRILL, had recently made a speech in favor of his motion. In that speech Mr. MORILL asserts that in the treaty of 1818—the last treaty made defining our right in those fisheries—our Government had weakly surrendered the same. This treaty was negotiated under JAMES MONROE, a statesman of whom it was said, by his distinguished and honored successor in office, JOHN QUINCY ADAMS, that he was “unwearied in searching for the right, patient and courteous in collision of sentiment, sound in his ultimate views, and firm in maintaining them.” It was signed by distinguished American statesmen, ALBERT GALLATIN, RICHARD RUSH, and others. I mention this to show that Mr. MORRILL is not over scrupulous in throwing out imputations upon men and measures when they come in conflict with his views of public policy. Another circumstance worthy of note is that the only Senator who desired his vote recorded

* One, and perhaps the most important privilege we receive, from the provision of the Reciprocity Treaty respecting fisheries, is the right to land on the “coasts and shores” of the Colonies, and dry our nets and cure our fish. Previous to the treaty the disadvantages we labored under were very great. Our fishermen were compelled to go out to the banks in “large vessels fitted at great expense, and with crews averaging nine men to every schooner of ninety tons burden, and extending their voyages for many weeks;” while the colonists could carry on their fishing entirely in small boats with perhaps not more than two men in each, who returned to their shores at the close of each day’s work, and landed, and cured their fish. Then, too, when our fishermen’s vessel was full, he must return to the port from whence he started, unload, clean and refit his vessel for the balance of the season, thus losing, perhaps, two weeks of very valuable time. In consequence of such unequal privileges, we could not, of course, successfully compete with the Canadians, either in our own or foreign markets. The Treaty changed all this by giving us the right to land and cure our fish, &c., a right which our fishermen will not willingly give up.—ED. HUNT’S MERCHANTS’ MAGAZINE.

against that treaty was Mr. Foor, of Vermont, and now the motion to abrogate it, comes from a member of the House from the same State. It is a little singular that Vermont, a State not particularly noted as an agricultural region, and not having so great an interest in the treaty as some other States, should be foremost in declaring hostility to it. He was glad to believe that Mr. MORRILL did not represent the views of the administration. Before another session of Congress, the time transpires when notice may be given for the abrogation of the treaty, yet the President has never intimated that he believed its workings were prejudicial to the best interests of the country, as it was clearly his duty to do, if such were his convictions. Nor had Mr. CHASE made any allusion to it. I am happy, therefore, to believe that the administration are not disposed to support the policy of Mr. MORRILL. The speech of the latter gentleman breathes ill will and war. He begins by attacking the treaty of 1818, a treaty which cemented the United States and Great Britain together in peace and good will, and believes we ought to fall back on the treaty of 1783. If we listen to his advice, and disregard the treaty of 1818, the next move will be to abrogate the principles of international law. In fact, he plainly tells us the time is coming when nations will no longer be allowed to map out the ocean, and fisheries will be free to all the world.

The second article of the treaty secures to the people of the United States the navigation of the canals of Canada and the River St. Lawrence upon the same terms as those privileges are enjoyed by the people of Great Britain. Mr. MORRILL, in his speech on the subject, says that if we used these privileges, they might be of some advantage to us, but for the first six years succeeding the treaty, only forty craft of small tonnage, passed out to the ocean, thus seeking to create the impression that the trade is only a very small affair. Let me say that he is under the mark here. Up to 1861, according to the *Detroit Tribune* of that year (the exact date not remembered) sixty barks, brigs, schooners and propellers had passed down from the lakes to the ocean, only three of them Canadian vessels, and of the whole number, only two, up to that time, had been wrecked. Mr. MORRILL leaves this part of the treaty, with which the maritime interests of the great Northwest, present and prospective, are so intimately blended, with this one sided statement.

Mr. HAWLEY proceeded to give official statements and statistics showing the extent of our commerce that passed the Welland Canal. This outlet was, according to these statements, of vast importance to the great West, and to New York. It is due to our great lake cities, and their growing trade, that we secure as direct communication with Europe as possible. He had perused a carefully prepared article embodied in a report, made two or three years since by the Secretary of this Board, in which it was urged that the most profitable communication between the lake ports and Europe must be direct and *via* the St. Lawrence river. It is estimated in that report that a line of screw steamers might be profitably maintained between Detroit and the ports of Great Britain, and that a net gain of fifteen thousand dollars might be realized from each trip. He (Mr. HAWLEY,) did not think this estimate too high. He was casually informed by the master of a sail vessel that had made the round trip across the ocean, taking out to Europe a cargo of wheat, and returning with crockery, that ten thousand dollars had been realized, and the venture was every way prosperous. Only thirty-one days was consumed on the voyage from Detroit to Liverpool, and thirty-seven on the return trip until he reached the docks of Cleveland. This Captain speaks with entire confidence of the feasibility of prosecuting this trade, and, indeed, we have at this day a line of vessels advertised in our daily papers, making Detroit their headquarters, already composed of six vessels, to which others are to be added. Mr. President, when we remember the interest which this trade attracted in its infancy, when only an occasional vessel left the great lakes for Europe, and consider its gradual growth, ought we to be prepared, without special and weighty reasons, to give it up?

We come now to the main provisions of the treaty. Mr. MORRILL states that, before the treaty was instituted, the balance of trade was greatly in our favor,

but since then it is against us, thus subverting the ancient and well defined laws of the trade. If this be correct, it would certainly be questionable whether the advantages we enjoy would justify us in maintaining commercial relations upon the present basis. But we have tables that prove conclusively the exact reverse of this assertion. In 1853 the balance in our favor was less than \$3,000,000. In 1852—the last year for which we have full tables—it had more than doubled, amounting to fully \$7,500,000. Thus we have more than doubled our balance of trade, and more than doubled the amount we have sold to Canada. In the report of the Secretary of the Treasury to Congress for the fiscal year of 1863, he makes the balance in our favor a little under \$6,000,000. He says it appears that the domestic products and manufactures exported to Canada under the treaty for the fiscal year ending June, 1863, amounted to about eighteen millions, five hundred thousand dollars. The imports from Canada, for the same period, were twelve millions, eighteen hundred and seven thousand dollars. Mr. MORRILL reiterates the assertion that Canada sells to us under the treaty, but she refuses to buy of us. In the face of this reckless assertion, we have the statement authoritatively made, that for the eight years beginning with 1855, and ending with 1862, inclusive, the whole balance in our favor amounted to the handsome sum of \$36,228,236!

The trade between Detroit and Canada is large. I have the returns of goods received at Windsor, in 1855, from our side. In that year, there was received at that port dutiable goods from this side to the amount of \$113,053. In 1860, notwithstanding the increased duties under the Canadian tariff, the dutiable goods amounted to \$180,307, showing a large gain. It is true that since 1860 there has been a large decline in the amount of dutiable goods purchased on this side, but this is owing to the great advance made by our tariff, the scale of duties having been raised twice since that year. Our neighbors, therefore, cannot trade with us on the same terms as they can with Lower Canada. Upper Canada prefers to trade with us, and did so before these late advances.

Many of us have misapprehended the object and spirit of the Canadian tariff. Some of our people have asserted that it was enacted in bad faith—that by their tariff of 1858, they sought to take an unfair advantage. Undoubtedly it was disadvantageous to us, and we lost considerable by it. The Canadians say, and probably with truth, that the necessity for the course they took was imperative, in order to provide means to liquidate the interest on their public debt. They also hoped, in this connection, to make a move towards fostering domestic manufactures. Jackson like, they adhere to a tariff for revenue, and, incidentally, for protection. But their tariff is not so onerous as many seem to suppose. The duty is only seven and a half per cent *ad valorem*, higher than it was in 1854—while at the same time many articles upon which a duty of two and a half per cent had previously been imposed, were placed upon the free list, thus benefiting many branches of our domestic industry. Salt is one of these articles. We all know that Michigan is immensely interested in the salt manufacture. In one year, 1862, salt was shipped to Canada amounting to \$269,000. This is certainly a very important trade, and is destined to become still more so. The article has a cheap and ready transit across the lake to Goderich, where it takes the cars of the Buffalo and Lake Huron railway, and by reason of its connections at Stratford with the Grand Trunk, and at Paris with the Great Western, it finds an easy access to all parts of the Province.

The supposition that Canada has discriminated against us, and in favor of Great Britain, is clearly an error. She has simply placed the two countries on a common platform. Mr. MORRILL would have us believe that Canada has made successive advances in her scale of duties, which is not the case. On the contrary, they have receded, and reduced the rate on some articles to a material extent, and I am credibly informed that the present government have intimated that at the next session of Parliament a further reduction may be expected. The Minister of Finance seems to take a just and liberal view of the matter, taking the ground that high duties do not increase the revenue. For example, a duty of ten per cent on watches and jewelry had brought in a much larger

revenue than that derived from the same source under a tariff of twenty per cent. Permit me to say that, in view of our own exceedingly high tariff, we ought to be moderate in our complaints against our neighbors. Before the rise, our scale of duty was five per cent above theirs. Now there is a still wider difference, and pardon me if I express the conviction that a reduction would work an increase in our revenue. An excessively high tariff is not only a powerful temptation to smuggling, but it leads to all sorts of substitutes for those commodities upon which such tariff is imposed. Take teas and coffees, for example, those articles once in universal use. How much of these articles are now used by the poor? We need not go beyond our own city to demonstrate the injurious tendencies of a high tariff. We once had several refineries, the proprietors of which brought crude oil from Canada, but they were compelled to relinquish their business, thus putting a stop to the prosecution of an important industrial branch in our midst.

Our largest furniture manufacturer states that, while he sells liberally to the Canadians, notwithstanding their twenty per cent duty, that he has been deprived of the benefits accruing to his business, from the importation of walnut veneers from Canada. It appears that they have there a beautiful wood, and the requisite machinery for taking the veneers directly from the trees, and that he enjoyed a large trade with them in this, one of their articles of domestic manufacture, until the MORRILL tariff came with its thirty-five per cent *ad valorem* duty and cut it off.

A proprietor of one of our large paper hanging establishments informs me that owing to the high duty our tariff levies upon French paper they have entirely discontinued dealing in it. Do we need any other facts to stamp the MORRILL tariff as one that is largely prohibitory; if so let it be noted that salt, from having in the previous bill paid a duty of four cents per bushel, is now subject to a duty of from 18 to 24 per cent.

And the Holy Scriptures, which are free in the Canadian tariff, which Mr. HOWARD calls a high one, pay a duty in our own of twenty per cent. How strangely the policy that Mr. MORRILL and his coadjutors would bind upon us, contrasts with that pursued by the leading nations of Europe. While they are bursting the fetters imposed upon commerce in a bygone age, we are asked to repeal the only earnest that we have of a brighter commercial day for these United States. England has not only repealed her corn law, and thus invited our agriculturists to a generous competition with her own farmers in breadstuffs; but she is carrying on this work of reform; and hops, now a large article of export, are placed upon the free list. Besides, by virtue of a commercial treaty, or reciprocal legislation, France and Great Britain have brought down their tariffs upon their respective manufactures, to an approximation to perfect free trade. We live in a day when we are called upon to assist in settling this as well as other great questions of public policy. And in doing so we will cherish the hope that we shall be guided by an enlightened self-interest, ever remembering that what is true of individual life is equally true of national life, that while there is "that which withholdeth more than is meet and, that tendeth to poverty, there is that which scattereth around and yet increaseth."

The speaker next produced statistics to show that Canada drew large balances from Great Britain, which she had to pay to the United States. He had conversed with many of our merchants, who considered themselves benefited by the operations of the treaty. An objection had been urged, that the white wheat flour sent from the west meets with a rival in the Canadian product; but we are more than compensated in the amount of our red wheat flour sold to Canada. In 1862, we sold them flour to the value of \$1,000,000, besides wheat to the value of \$4,000,000.

The speaker referred to some remarks of Mr. MORRILL, wherein he sought to magnify the New England at the expense of the foreign market. Mr. MORRILL had stated that "Europe presented no opening for United States or Canada productions except in seasons of deficiency, and the Northern and Eastern States present the only reliable markets for Canada, as well as for the West." Mr.

HAWLEY proceeded to combat this assertion by presenting an array of figures exhibiting the amount of breadstuffs sent from the United States to Great Britain for a series of years, proving the exports of that article to have been very heavy.

Mr. MORRILL states that in 1858 and 1859 our exports of wheat and flour to England were only \$1,736,152. Whereas our own trade and navigation reports show that for one of these years, 1858, they were \$9,911,498. I have not access to our returns for 1859, but let this suffice to show how little credence should be given to statements of facts contained in that gentleman's speech. It appears that our entire domestic exports to England for this same year, were \$151,573,714, of which \$115,673,958 were shipped in American vessels. From the same authority we learn that we exported to Canada in the year 1858, wheat and flour to the value of \$3,763,720, being \$98,000 more than Canada sold to us in both 1858 and 1859.

Mr. MORRILL mourns that the people of his section had extended to the Grand Trunk Railway the right of way to Portland, thereby securing the company a line of intercommunication extending from Detroit to the seaboard. He claimed that Mr. MORRILL did not represent the wishes and feelings of that section of country. As they had previously granted the right of way to the Atlantic and St. Lawrence railway which had penetrated their territory, thus enabling them to see something of the British Lion, and though they may not have heard his roar, they had seen him shake his mane and paw the ground, but he had no terrors for them. They rather hailed these international courtesies and fraternal manifestations as the faint harbingers of that day of glory described in Isaiah, xi. and 6th, "The wolf also shall dwell with the lamb, and the leopard shall lie down with the kid; and the calf and the young lion, and the fawning together; and a little child shall lead them."

When a large delegation of this Board visited Portland last summer, did they hear any of the lamentations exhibited on the part of Mr. MORRILL? If this system of intercommunication did not exist, would we see the bustle and life in Detroit that we now witness? A large share of this trade would pass to the seaboard *via* the south shore of Lake Erie, and never come near our city. We all remember the joy occasioned by the completion of the Great Western Railway. Since then we have gone on in the same spirit, never doubting that we were traveling on the road that leads to prosperity and greatness. The Grand Trunk had not only knocked at our doors, but had actually walked in without any financial assistance from us. The diversified and increasing products of the teeming West require every accessible facility to enable them to reach the seaboard, and even then they are sometimes inadequate. In some cases, as high as twenty-five cents a bushel had been paid for transportation between Chicago and Buffalo.

But Mr. MORRILL says that as we do not allow foreign vessels to share our coasting trade, that we must not allow Canada Railways to participate in our carrying trade, no matter if we do save one hundred miles in distance between Detroit and Buffalo, or if the agriculturalists of the far West should have to suffer an additional loss of ten or twenty cents a bushel upon their wheat, this whole policy must be broken up.

As to the constitutional objection of the learned and able speaker yesterday, (Mr. HOWARD) he thought we were not sitting as a court to determine that point, but it seemed obvious that if Mr. MORRILL, and those acting with him, believed the treaty unconstitutional, they would at once appeal to the Supreme Court. The Constitution says that all measures for raising revenue must originate in the House of Representatives, but this is not a measure for raising revenue; it is a treaty of amity and commerce.

He referred to the argument of Mr. HOWARD, that if this treaty remained in force, other nations with whom we have treaties would have a right to demand the same terms. This point will not bear scrutiny. If you can find another nation possessing the power to extend the same privileges as those we enjoy from Canada, we should then have a parallel case. What country can furnish

us an outlet for our products to the coast? What nation can grant us the other privileges secured to us by this treaty? Mr. HOWARD has told us that it originated with those in the interest of the South. This is denied; it is understood that the measure originated with the commercial men of New York and New England, but in either case the merits of the question are not affected. If it works well for us we will not reject it from such considerations. We should

"Seize upon truth wherever found,
On Northern or on Southern ground."

We may give Mr. HOWARD credit for sincerity in his belief that the South engineered this measure through for the purpose of keeping Canada out of the Union, but this supposition is contrary to all experience. We certainly do not make a practice of granting privileges and favors for the purpose of driving the recipients from us.

In conclusion, I have only to request that this Board will endeavor to arrive at such a conclusion in the premises as is demanded by the best interests of our city, our State, and the country at large.

LEGAL-TENDER NOTES.—HAS CONGRESS THE POWER TO MAKE NOTES A LEGAL-TENDER?

OPINION OF JUDGE SHARSWOOD, OF PENNSYLVANIA.

WE have published in previous numbers of the MERCHANTS' MAGAZINE the opinions of Judges of the Supreme Court and Court of Appeals of New York State, on both sides of this important question. Until the United States Court decides the point at issue, every well digested opinion whatever view it takes is valuable. In fact as merchants and bankers we need all the light we can obtain on this question, that we may know how to shape our course. If there is no doubt as to the power of Congress, the weakness of the opposite view is best shown by the opinions of those who support that opposition; if there is doubt, we all want to know it, that we may be prepared for whatever view finally prevails. Our own opinion we have never expressed in these pages, for the reason that the question is in the hands of the Courts, and what any individual may think is of no importance. We only desire that our readers should judge for themselves after reading the arguments of men learned in the law, and who have conscientiously, as we must suppose, reached opposite conclusions. The opinion of Judge SHARSWOOD, of Pennsylvania, which we give below, as been handed us with the request that we publish it—our readers will find it a passionless and carefully prepared judicial document. It has elicited much attention not only in his own State, but throughout the country, and we therefore gladly make room for it. The case in which it was delivered was decided about the first of March last by the District Court in Philadelphia, and arose out of the fact of the defendant's offering legal-tender notes in payment of a mortgage which the plaintiff refused to receive. In an action on the mortgage by the plaintiff the defendant's plea was this tender, and thus the constitutionality of this provision of the act came in question. The Court held that the act was constitutional, but Judge SHARSWOOD dissented believing the legal tender clause was unconstitutional. We have not the opinions of the other Judges, but shall hope to give them

hereafter. For the present we would refer such of our readers as wish to compare the arguments of those reaching the opposite conclusion, to the July number of 1863, page thirty-eight, and the January number of 1864, page sixty, of the *MERCHANTS' MAGAZINE*. The following is the opinion of Judge SHARSWOOD :

OPINION OF JUDGE SHARSWOOD.

If any point may be considered as well settled it is, that the Constitution of the United States is a special grant of delegation of limited powers to the Federal Government. "It has been truly said," observes C. J. MARSHALL in the *United States vs. FISHER* (2 Cranch, 212,) "that under a Constitution conferring specific powers, the power contended for must be granted or it cannot be exercised." The same thing has been affirmed by Mr. Justice STORY in *MARTIN vs. HUNTER's Lessee* (1 Wheat. 326.) "The Government of the United States can claim no powers, which are not granted to it by the Constitution, and the powers actually granted, must be such as are expressly given, or given by necessary implication." And not to multiply citations—on so clear a principle—again by C. J. MARSHALL in *McCULLOUGH vs. the State of Maryland*, (4 Wheat. 405.) "This Government is acknowledged by all to be one of enumerated powers. The principle that it can exercise only the powers granted to it, would seem too apparent to have required to be enforced by all those arguments, which it's enlightened friends, while it was depending before the people, found it necessary to urge. *That principle is now universally admitted.*"

It follows that to sustain the constitutionality of an act of Congress—to determine that it is a law—an authority for it must be affirmatively shown. That authority must exist in the Constitution in express words or the act must appear to be necessary and proper for carrying into execution some power or powers vested in Congress, in the Government of the United States, or in some department or officer thereof.

By this rule we are now to decide, whether that clause of the act of Congress approved February 25, 1862, entitled "An act to authorize the issue of United States notes, and for the redemption or funding thereof, and for funding the floating debt of the United States," which provides that the notes issued in pursuance of that act "shall be lawful money, and a legal-tender in payment of all debts public and private"—is or is not a law of the land.

The counsel of the defendant—recognizing that on him rested the burden of maintaining the affirmative of this issue—claimed that the provision referred to was an exercise of authority vested in Congress under one or other of the following clauses of the enumeration in Section 8 of Article 1 :

Paragraph II.—To borrow money on the credit of the United States.

Paragraph III.—To regulate commerce with foreign nations, and among the several States, and with the Indian tribes.

Paragraph V.—To coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures :

Paragraph XVIII.—To make all laws, which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by the Constitution in the Government of the United States, or in any department or officer thereof.

I propose to examine these clauses with such other parts of the Constitution as have been supposed in the course of the argument to illustrate them. I feel some degree of confidence, not only from the well-known ability, learning and research of the counsel for the defendant, but from my own investigations, that if the act of Congress in question cannot be sustained on either of these clauses, it cannot be sustained at all.

I will begin with the last paragraph of the enumeration, because its proper construction has an important bearing on the others : Par. 18. "To make all laws which shall be necessary and proper for carrying into execution the foregoing powers." I will not here revert to political and controverted grounds, nor to the

